

GOURLEY TOWNSHIP
Financial Report

For the Year Ended
March 31, 2008

Auditing Procedures Report V1.04

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended .

Unit Name	Gourley Township	County	MENOMINEE	Type	TOWNSHIP	MuniCode	
Opinion Date-Use Calendar	Jun 25, 2008	Audit Submitted-Use Calendar	Jul 31, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?		
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?		
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?		
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?		
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?		
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?		
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?		
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?		
<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?		
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)		
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)		
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?		
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?	14. If not, what type of opinion is it?	NA
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?		
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?		
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?		
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?	<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 60,747.00
General Fund Expenditure:	\$ 59,754.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 168,362.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Carl	Last Name	Sorensen	Ten Digit License Number	12650				
CPA Street Address	PO Box 225	City	Marinette	State	WI	Zip Code	54143	Telephone	+1 (715) 735-9021
CPA Firm Name	Carl R Sorensen CPA	Unit's Street Address	PO Box 225	City	Marinette	LU Zip	54143		

Gourley Township

Table of Contents March 31, 2008

Independent Auditor's Report	Page 1 - 2
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	5
Reconciliation of Balance Sheet of Governmental Funds to Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities	8
Fiduciary Fund - Statement of Fiduciary Net Assets	9
Notes to Financial Statements	10 - 16
Required Supplemental Information	
Budget Comparison Schedule - General Fund	17
Budget Comparison Schedule - Fire Fund	18
Other Supplemental Information	
Non-Major Governmental Funds Combining Balance Sheet	19
Non-Major Governmental Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balances	20
Detail Schedule of General Fund Revenues	21
Detail Schedule of General Fund Expenditures	22
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
Schedule of Findings	25

Carl R. Sorensen

Certified Public Accountant

844 Pierce Avenue
"In The Northern Building"
P.O. Box 225

Marinette, Wisconsin 54143
Phone 715-735-9021
Fax: 715-735-7116

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Gourley Township
Menominee County, Michigan

I have audited the accompanying general purpose financial statements of the Governmental activities, each Major Fund and the Aggregate Remaining Fund information of Gourley Township, Menominee County, Michigan, as of and for the year ended March 31, 2008 which collectively comprise the Township's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental activities, each major fund and aggregate remaining fund information of Gourley Township, Menominee County, Michigan, as of March 31, 2008, and the respective changes in financial position and the respective budgetary comparison for the general fund thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 2008, on my consideration of the Township's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

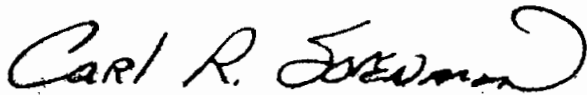
The Township has not presented management's discussion and analysis which is not a required part of the basic financial statements but is supplementary information required by accounting principles accepted in the United States of America.

Required Supplemental Information

The budgetary comparison information on pages 17 and 18 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

Other Supplemental Information

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as supplemental information is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Gourley Township and in my opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.



Carl R. Sorensen
Certified Public Accountant
June 25, 2008

Gourley Township

Statement of Net Assets for the Year Ended March 31, 2008

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 330,142
Due from other Governmental units	3,305
Interfund balances	<u>295</u>
Total Current Assets	<u>333,742</u>
Non-Current Assets	
Capital assets	370,119
Less accumulated depreciation	<u>(301,075)</u>
Total Non-Current Assets	<u>69,044</u>
Total Assets	<u>\$ 402,786</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ <u>—</u>
Total Current Liabilities	<u>—</u>
Net Assets	
Net assets invested in capital assets, net of related debt	69,044
Unrestricted	<u>333,742</u>
Total Net Assets	<u>402,786</u>
Total Liabilities and Net Assets	<u>\$ 402,786</u>

Gourley Township

Statement of Activities for the Year Ended March 31, 2008

		<u>Program Revenue</u>		<u>Governmental Activities</u>
	<u>Expense</u>	<u>Charges for Service</u>	<u>Operating Grants</u>	<u>Net (expense) Revenue and Change in Net Assets</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 45,564	\$ 1,453	\$ 37,120	\$(6,991)
Public safety	29,172	—	16,390	(12,782)
Public works	11,708	—	—	(11,708)
Total Governmental Activities	\$ <u>86,444</u>	\$ <u>1,453</u>	\$ <u>53,510</u>	(31,481)

GENERAL REVENUES

Taxes

Property taxes, levied for general operations	14,527
Property taxes, levied for fire service	29,218
Interest and investment earnings	<u>10,263</u>
Total General Revenue	<u>54,008</u>

Changes in Net Assets

Net Assets:

Beginning of Year	<u>380,259</u>
End of Year	\$ <u>402,786</u>

Gourley Township
Balance Sheet
Governmental Funds
for the Year Ended March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Other Governmental Units</u>	<u>Total</u>
ASSETS				
Cash and cash investments	\$ 166,957	\$ 125,390	\$ 37,795	\$ 330,142
Due from other Governmental units	1,110	2,195	—	3,305
Due from other funds	<u>295</u>	<u>—</u>	<u>—</u>	<u>295</u>
Total Assets	<u><u>\$ 168,362</u></u>	<u><u>\$ 127,585</u></u>	<u><u>\$ 37,795</u></u>	<u><u>\$ 333,742</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ —	\$ —	\$ —	\$ —
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
 FUND BALANCES				
Unreserved				
Designated for Capital projects	—	—	37,795	37,795
Undesignated	<u>168,362</u>	<u>127,585</u>	<u>—</u>	<u>295,947</u>
Total Fund Balance	<u><u>168,362</u></u>	<u><u>127,585</u></u>	<u><u>37,795</u></u>	<u><u>333,742</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 168,362</u></u>	 <u><u>\$ 127,585</u></u>	 <u><u>\$ 37,795</u></u>	 <u><u>\$ 333,742</u></u>

Gourley Township
Governmental Funds
Reconciliation of Balance Sheet of Governmental Funds to Net Assets
for the Year Ended March 31, 2008

Total Fund Balances - Governmental Funds	\$ 333,742
--	------------

*Amounts reported for Governmental Activities in the statement
of net assets are different because:*

Capital assets used in Governmental assets	370,119
Accumulated depreciation	<u>(301,075)</u>

Net Assets of Governmental Activities	<u>\$ 402,786</u>
---------------------------------------	-------------------

Gourley Township
Combined Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund
for the Year Ended March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Other Governmental Units</u>	<u>Total</u>
REVENUE				
Taxes	\$ 14,527	\$ 29,218	\$ —	\$ 43,745
State grants	31,925	—	—	31,925
Interest and rents	7,647	2,616	—	10,263
Local unit contributors	5,195	16,390	—	21,585
Other revenue	<u>1,453</u>	<u>—</u>	<u>—</u>	<u>1,453</u>
Total Revenues	60,747	48,224	—	108,971
EXPENDITURES				
General Government	44,351	—	—	44,351
Public safety	—	16,328	—	16,328
Public works	11,708	—	—	11,708
Capital outlay	<u>3,695</u>	<u>21,681</u>	<u>—</u>	<u>25,376</u>
Total Expenditures	59,754	38,009	—	97,763
Excess of Revenues Over (Under) Expenditures	993	10,215	—	11,208
OTHER FINANCING SOURCES (USES)				
Operating transfers in	—	—	1,000	1,000
Operating transfers out	<u>(1,000)</u>	<u>—</u>	<u>—</u>	<u>(1,000)</u>
Total Other Finance Uses	<u>(1,000)</u>	<u>—</u>	<u>1,000</u>	<u>—</u>
Net Changes in Fund Balance	(7)	10,215	1,000	11,208
Fund Balances April 1	<u>168,369</u>	<u>117,370</u>	<u>36,795</u>	<u>322,534</u>
Fund Balances March 31	<u>\$ 168,362</u>	<u>\$ 127,585</u>	<u>\$ 37,795</u>	<u>\$ 333,742</u>

Gourley Township
Reconciliation of the Statement of Revenue, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
for the Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 11,208
--	-----------

*Amounts reported for Governmental Activities in the statement
of activities are different because:*

Governmental funds report capital outlay as expenditures
in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense	(14,057)
Capital outlay	<u>25,376</u>

Changes in Net Assets of Governmental Activities	\$ <u>22,527</u>
--	------------------

Gourley Township
Statement of Fiduciary Net Assets
Fiduciary Funds
for the Year Ended March 31, 2008

	<u>Agency Fund Student Activities</u>
ASSETS	
Cash and cash equivalents	<u>295</u>
Total Assets	<u>\$ 295</u>
 LIABILITIES	
Due to other funds	<u>295</u>
Total Liabilities	<u>\$ 295</u>

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Gourley Township is presented to assist in understanding the Township's financial statements. The financial statements and notes are representations of the Township's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

REPORTING ENTITY

This report includes all of the funds of Gourley Township. The reporting entity for the Township consists of (a) primary Government, (b) organizations for which the primary Government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary Government are such that their exclusion would cause the reporting entity's financial statement to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary Government are financially accountable. The primary Government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary Government. The primary Government may be financially accountable if an organization is fiscally dependent on the primary Government. Gourley Township has no component units.

BASIS OF FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial statements

The statement of net assets and statement of activities display information about the reporting Government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Township does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included as program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental funds and fiduciary funds even though the latter are excluded from the Government-wide financial statements. Major individual Governmental funds are reported as separate columns in the fund financial statements.

As a general rule, the effect or Interfund activity has been eliminated from the Government-wide financial statements.

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

BASIS OF FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial statements

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses.

Funds are organized as major funds or non-major funds within the Governmental statements. An emphasis is placed on major funds within Governmental categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual Governmental are at least 10% of the corresponding total for all funds of that category or type and—
- b. The same element that met the 10% criterion in (a) is at least 5% of the corresponding element total for all Governmental funds combined.
- c. In addition, any other Governmental fund that the Township believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

General Fund

The general fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Funds (Not included in Government-Wide Statements)

Agency Funds

Agency funds are used to account for assets held by the Township as an agent for individuals, private organizations and/or other Governmental units.

The tax collection fund accounts for property tax collections

Major Fund

The Township reports the following major Governmental Fund:

- The General Fund which accounts for the Township's primary operating activities.
- The Fire Fund which accounts for the Townships fire activities.

Non-Major Fund

The Township reports the following non-major fund:

- Special Revenue Fund –
 - Municipal Street
 - Capital Projects

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):
MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-wide financial statements report using the economic resource's measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash transaction takes place. Non-exchange transactions in which the Township gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund statements report using the current financial resource's measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Township considers all revenues reported in the Governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the Township may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Township's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

BUDGETARY CONTROL

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- During the year, Township management submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Township Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. Final budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Township. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Township Board with a two-thirds majority vote.

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

ACCOUNTS RECEIVABLE

Accounts receivable in the Governmental funds are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the Government-wide or fund financial statements and used in Governmental fund operations.

Government-Wide Statements

In the Government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The Township has a capitalized threshold of \$2,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10-60 years
Equipment	05-10 years

Fund Financial statements

In the fund financial statements, capital assets used in Governmental fund operations are accounted for as capital outlay expenditures of the Governmental fund upon acquisition.

CLAIMS AND JUDGEMENTS

Claims and judgements are recorded as liabilities if all the conditions of Government Accounting Standards Board pronouncements are met. Claims and judgements that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the Governmental fund types. If they are not to be liquidated with expendable financial resources, no liability is recognized in the Governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgements are recorded in the Government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgements at year end.

EQUITY CLASSIFICATIONS

Government-Wide Statements

Equity is classified as net assets and displayed in three components.

- Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

EQUITY CLASSIFICATIONS (continued)

Government-Wide Statements (continued)

- Restricted net assets - consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other Governments or, (2) law through constitutional provisions or enabling legislation. At March 31, 2008, the Township has no restricted assets.
- Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved with unreserved further split between designated and undesignated.

USE OF ESTIMATES

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

NOTE 2 - CASH AND INVESTMENTS:

Michigan Compiled Laws, Section 129.91, authorizes Gourley Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associates which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States Government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of Government in Michigan.

The Township Board has not adopted a formal investment policy.

The following disclosures are made in accordance with Governmental Accounting Standards Board Statement No. 40, with regard to the Township's deposits and investments:

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a Government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial risk for *investments* is the risk that, in the even of the counter party (e.g. broker-dealer) to a transaction, a Government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The State statutes and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risks for deposits or investments.

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 2 - CASH AND INVESTMENTS: (continued)

Custodial Credit Risk (continued)

The Township maintains its cash accounts at several financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$100,000 per interest bearing account and \$100,000 per non-attest bearing account per financial institution. Management acknowledges the possibility of risk in this arrangement. However, the size and longevity of the depository institutions minimize such risk.

The following is a summary of cash deposits as of March 31, 2008:

Fully insured deposits	\$ 332,023
Uncollateralized	—
Total	<u>\$ 332,023</u>

NOTE 3 - PROPERTY TAXES:

Gourley Township property tax is levied on each July 1st on the taxable valuation of property (as defined by State statutes) located in Gourley Township as of the preceding December 31.

Property taxes are recorded in the year levied as receivables and recognized as revenue. Real property taxes not collected by February 28 are turned over to the county for collection. The county pays the Township for these delinquent taxes within 120 day. Delinquent personal property taxes are recorded as deferred revenue until collected or written off. In addition to property taxes for the Township, taxes are collected and remitted to state and county Governments as well as local school districts.

The 2007 taxable valuation of Gourley Township totaled 17.73 million, on which ad valorem taxes levied consisted of 4.3 mills for the Townships operating and fire purposes. This amount is recognized in the general fund and fire funds as tax revenue.

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended March 31, 2008 were as follows:

Governmental Activities:	Balance		Balance
Capital Assets Being Depreciated:	3/31/07	Increases	03/31/08
Land	\$ 10,000	\$ —	\$ 10,000
Buildings	111,521	3,457	114,978
Equipment	<u>223,222</u>	<u>21,919</u>	<u>245,141</u>
Total Capital Assets Being Depreciated	<u>344,743</u>	<u>25,376</u>	<u>370,119</u>
Less Accumulated Depreciation for:			
Buildings	99,161	923	100,084
Equipment	<u>187,857</u>	<u>13,134</u>	<u>200,991</u>
Total Accumulated Depreciation	<u>287,018</u>	<u>14,057</u>	<u>301,075</u>
Capital Assets Net of Accumulated Depreciation	<u>\$ 57,725</u>	<u>\$ 11,319</u>	<u>\$ 69,044</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 1,213
Fire Fund	<u>12,844</u>
	<u>\$ 14,057</u>

Gourley Township, Michigan
Notes to Financial statements
March 31, 2008

NOTE 5 - NET ASSETS/FUND BALANCES:

Net assets reported on the Government-wide statement of net assets at March 31, 2008, includes the following:

Invested in Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	\$ 69,044
Net Assets Unrestricted	<u>333,742</u>
Total Net Assets - Government-Wide Statements	<u>\$ 402,786</u>

Fund balances reported in the Government funds balance sheet at March 31, 2008 are further classified as follows:

Unreserved:	
Designated:	
Roads	\$ 32,795
Capital Projects	<u>5,000</u>
Total Designated	<u>37,795</u>
Undesignated	<u>295,947</u>
Total Governmental Fund Balance	<u>\$ 333,742</u>

NOTE 6 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Township purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claim resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past two years.

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES:

The Township has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowance, if any, would be immaterial.

From time to time, the Township is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Township's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

Funding for the operating budget of the Township comes from many sources, including property taxes, grants and aids from other units of Government, user fees, fines and permits and other miscellaneous revenues. The State of Michigan provides a variety of aid and grant programs which benefit the Township. Those aid and grant programs are dependent on continual approval and funding by the Michigan Governor and legislature through their budget process. The State of Michigan is currently experiencing budget problems and is considering numerous alternatives including reducing the aid to local Governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Township.

REQUIRED SUPPLEMENTAL INFORMATION

GOURLEY TOWNSHIP
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended March 31, 2008

	Original Budget	Final Budget	Actual
REVENUES:			
Taxes	\$ 15,821	\$ 15,821	\$ 14,527
State grants	31,900	31,900	31,925
Interest and rents	5,400	5,400	7,647
Local unit contributions	—	—	5,195
Other revenue	<u>1,430</u>	<u>1,430</u>	<u>1,453</u>
Total Revenues	54,551	54,551	60,747
EXPENDITURES:			
General government	48,895	48,895	44,351
Public works	5,625	5,625	11,708
Capital outlay	<u>—</u>	<u>—</u>	<u>3,695</u>
Total Expenditures	<u>54,520</u>	<u>54,520</u>	<u>59,754</u>
Excess of Revenues Over (Under) Expenditures	31	31	993
OTHER FINANCING SOURCES (USES):			
Operating transfers in	—	—	—
Operating transfers out	<u>—</u>	<u>—</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(1,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	31	31	(7)
FUND BALANCES, April 1	<u>168,369</u>	<u>168,369</u>	<u>168,369</u>
FUND BALANCES, March 31	<u>\$ 168,400</u>	<u>\$ 168,400</u>	<u>\$ 168,362</u>

GOURLEY TOWNSHIP
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Fire Fund
Year Ended March 31, 2008

	Original Budget	Final Budget	Actual
REVENUES:			
Taxes	\$ 31,315	\$ 31,315	\$ 29,218
Interest and rents	2,000	2,000	2,616
Local unit contributions	<u>—</u>	<u>—</u>	<u>16,390</u>
Total Revenues	33,315	33,315	48,224
EXPENDITURES:			
Public safety	32,150	32,150	16,328
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>21,681</u>
Total Expenditures	<u>33,150</u>	<u>33,150</u>	<u>38,009</u>
Excess of Revenues Over (Under) Expenditures	165	165	10,215
OTHER FINANCING SOURCES (USES):			
Operating transfers in	—	—	—
Operating transfers out	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	165	165	10,215
FUND BALANCES, April 1	<u>117,370</u>	<u>117,370</u>	<u>117,370</u>
FUND BALANCES, March 31	<u>\$ 117,535</u>	<u>\$ 117,535</u>	<u>\$ 127,585</u>

OTHER SUPPLEMENTAL INFORMATION

Gourley Township

Combining Balance Sheet Non-Major Governmental Funds March 31, 2008

	<u>Municipal Street</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash	\$ <u>32,795</u>	\$ <u>5,000</u>	\$ <u>37,795</u>
Total Assets	\$ <u>32,795</u>	\$ <u>5,000</u>	\$ <u>37,795</u>
 LIABILITIES AND FUND BALANCES			
Liabilities	\$ —	\$ —	\$ —
Fund Balances:			
Unreserved:			
Designated	<u>32,795</u>	<u>5,000</u>	<u>37,795</u>
Total Liabilities and Fund Balances	\$ <u>32,795</u>	\$ <u>5,000</u>	\$ <u>37,795</u>

Gourley Township

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds March 31, 2008

	<u>Municipal Street</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
Interest on investments	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
Total Revenues	<u>—</u>	<u>—</u>	<u>—</u>
EXPENDITURES			
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>
Excess (Deficiency) of Revenues Over Expenditures	—	—	—
Other Financing Sources (Uses)			
Operating Transfers in	—	1,000	1,000
Operating Transfers out	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Finances Sources (Uses)	<u>—</u>	<u>1,000</u>	<u>1,000</u>
Net Changes in Fund Balance	—	1,000	1,000
Fund Balances April 1	<u>32,795</u>	<u>4,000</u>	<u>36,795</u>
Fund Balances March 31	\$ <u><u>32,795</u></u>	\$ <u><u>5,000</u></u>	\$ <u><u>37,795</u></u>

Gourley Township

Detail Schedule of General Fund Revenues for the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Taxes			
Property	\$ 14,500	\$ 14,500	\$ 14,527
Swamp and CFR	<u>1,321</u>	<u>1,321</u>	<u>—</u>
	15,821	15,821	14,527
State Grants			
Revenue sharing	30,000	30,000	30,024
Metro	<u>1,900</u>	<u>1,900</u>	<u>1,901</u>
	31,900	31,900	31,925
Interest and Rents			
Interest	5,400	5,400	7,647
Rent	<u>—</u>	<u>—</u>	<u>—</u>
	5,400	5,400	7,647
Local Unit Contributions			
Grants	<u>—</u>	<u>—</u>	<u>5,195</u>
	—	—	5,195
Other Revenue			
Administrative fee	1,370	1,370	1,380
Miscellaneous	<u>60</u>	<u>60</u>	<u>73</u>
	1,430	1,430	1,453
	<u>\$ 54,551</u>	<u>\$ 54,551</u>	<u>\$ 60,747</u>

Gourley Township

Detail Schedule of General Fund Expenditures for the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General Government			
Clerk	\$ 6,425	\$ 6,425	\$ 6,158
Treasurer	7,475	7,475	6,585
Supervisor	6,375	6,582	6,529
Building & grounds	1,875	2,086	2,221
Trustees	9,775	9,194	7,766
Payroll tax	1,850	1,850	1,604
Board of review	700	700	551
Insurance	5,300	5,300	4,633
Hall improvements	500	663	663
Elections	1,800	1,800	927
Assessor	<u>6,820</u>	<u>6,820</u>	<u>6,714</u>
	48,895	48,895	44,351
Public Works			
Roads and bridges	5,000	5,000	11,334
Road signs	200	200	—
Street lighting	<u>425</u>	<u>425</u>	<u>374</u>
	5,625	5,625	11,708
Capital Outlay			
Office renovation	—	—	3,457
Equipment	<u>—</u>	<u>—</u>	<u>238</u>
	—	—	3,695
	<u>\$ 54,520</u>	<u>\$ 54,520</u>	<u>\$ 59,754</u>

Carl R. Sorensen

Certified Public Accountant

844 Pierce Avenue
"In The Northern Building"
P.O. Box 225

Marinette, Wisconsin 54143
Phone 715-735-9021
Fax: 715-735-7116

To the Township Board
Gourley Township
Menominee County, Michigan

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

I have audited the financial statements of the Governmental activities, each major fund and the aggregate remaining fund information of Gourley Township for the year ended March 31, 2008, which collectively comprise the Gourley Township basic financial statements and have issued my report thereon dated June 25, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Townships internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I did identify certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies that adversely affects the Township's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. I consider the deficiencies described in the accompanying schedule of findings on page 25 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (continued)**

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and other Matters

As part of obtaining reasonable assurance about whether Gourley Township financial statements are free of material misstatement I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I also noted certain matters that I reported to the Management of Gourley Township in a separate letter dated June 25, 2008.

This report is intended for the information of the management of Gourley Township and the State of Michigan. However, this report is a matter of public record and its distribution is not limited.



Carl R. Sorensen
Certified Public Accountant
June 25, 2008

Carl R. Sorensen

Certified Public Accountant

844 Pierce Avenue
"In The Northern Building"
P.O. Box 225

Marinette, Wisconsin 54143

Phone 715-735-9021

Fax: 715-735-7116

GOURLEY TOWNSHIP Schedule of Findings For the Year Ended March 31, 2008

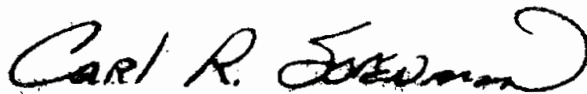
Financial Statement Findings

Reportable Condition:

Most of the Townships cash and financial reporting duties are performed by a limited number of employees. Although these employees are segregating their duties as much as possible, some of the aspects of internal control which rely on an adequate segregation of duties are missing.

The Township is not large enough to make the employment of additional persons for the purpose of segregating duties practical from a financial standpoint, but I am required under my professional responsibilities to call the situation to your attention.

The Township Board will continue to rely on its direct knowledge of the Townships operations to control and safeguard assets.



Carl R. Sorensen
Certified Public Accountant
June 25, 2008

Carl R. Sorensen

Certified Public Accountant

844 Pierce Avenue
"In The Northern Building"
P.O. Box 225

Marinette, Wisconsin 54143
Phone 715-735-9021
Fax 715-735-7116

June 25, 2008

Supervisor and Township Board
Gourley Township, Michigan

In planning and performing my audit of the financial statements of the Gourley Township for the year ended March 31, 2008, I considered the Townships internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency that I have detailed below. I previously reported on the Townships internal control in my report dated June 25, 2008. This letter does not affect my report dated June 25, 2008, on the financial statements of the Township.

Separation of Duties

The size of the Townships office staff has prevented the separation of functions necessary to assure an adequate internal control structure. It is not practical to hire additional staff solely for the purpose of separation duties. However, the Board should continue to be aware of this condition.

Capital Assets

I corrected the Township's total capital assets to exclude road construction expense. According to Michigan State Statutes, roads become the property of the County Road Commission upon completion and the responsibility to maintain them rest with the commission as well.

Management's Discussion Analysis

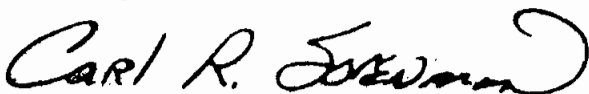
The State strongly recommends that local Governments provide a management's discussion and analysis with their annual financial reports, which is required under generally accepted accounting principles. I recommend that the Treasurer, Clerk and Supervisor collaborate on the preparation of this report for future audits.

Conclusion

I will review the status of these comments during our next audit engagement. I will be pleased to discuss them in further detail or assist with implementation.

I thank you for allowing me to be of service to the Gourley Township.

Sincerely,



Carl R. Sorensen
Certified Public Accountant